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SUBJECT: NEW EMPHASIS ON TOURISM IN SOUTH AFRICA

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11. (U) Summary. The newly formed Ministry of Tourism is advocating for greater government attention and support for the tourism sector as South Africa prepares to host the 2010 FIFA World Cup. A new tourism satellite account will enable South Africa to measure and track the overall value and contribution of tourism to all sectors of the economy. New tourism websites kick-off South African Tourism's (SAT) goal of becoming the leading tourism platform in Africa and the number one tourism authority by 2010. For many industry leaders, the only hope for improvement in the South Africa tourism sector lies in upcoming global sporting events such as the World Cup. End Summary.

Overview

12. (U) The newly formed Ministry of Tourism is advocating for greater government attention and support for the tourism sector as South Africa prepares to host the 2010 FIFA World Cup (Reftel A). South African Tourism Board, a public-private tourism promotion agency, welcomed the Ministry's initiative during the 2009 Tourism Indaba (Reftel B). SAT Chairperson Jabu Mabuza commented that, 'This is recognition of both this industry's importance to the economy that is embodied in the Tourism Growth Strategy, which is mandated to create jobs and contribute to Gross Domestic Product.' Tourism contributed more than one million jobs and an estimated \$24 billion to the economy in 2008, according to Mabuza. (Comment: Post questions whether the figure was as high as \$24 billion and recognizes the need for better tourism data collections efforts. End Comment.) SAT hopes that additional resources will be invested in tourism as so much rides on an industry that has delivered, and will continue to deliver significantly to the South African economy. 'We hope that government, together with the tourism industry, will join us in growing this industry in partnership,' said Mabuza.

13. (U) This new emphasis on tourism makes sense given that 9.5 million foreign tourists spent \$9 billion in South Africa last year, according to Tourism Minister Marthinus van Schalkwyk. This was 23.5 percent more than they did the year before, an increase that was 'especially encouraging', he said in a statement. Over the past two decades, the number of foreign tourists who travel to South Africa has increased 800 percent, from one million to more than nine million, according to a tourism report conducted by First National Bank (FNB) commercial

tourism division. (Note: This growth is from a low base. Foreign tourism to South Africa increased dramatically after the end of apartheid as other nations lifted economic sanctions and introduced new air services. End Note) `It will further be bolstered by the 2009 FIFA Confederations Cup, the British Lions Tour, and the 2010 FIFA World Cup', said the Head of FNB Tourism Pieter de Bruin.

¶4. (U) The World Cup is a huge opportunity for South Africa, and the challenge for the tourism sector is to leverage this opportunity into the future as the publicity that it provides for one month next year will benefit the country for many years to come, said Bruin. He also explained that the rand/dollar exchange rate combined with the decrease in fuel prices has decreased the cost of travel to South Africa making it a value-for-money destination. (Note: Bruin said this when the Rand exchange rate was 11 to the dollar and oil prices were below \$50 per barrel. Both have risen significantly in the past months. End Note.)

¶5. (U) Tourism has become the lifeblood of the economy, said SAT Board Chairman Jabu Mabuza at the 2009 Indaba (REFTEL B). Tourism contributed 8.4 percent to South Africa's gross domestic product last year. Millions of people have found gainful employment in the industry, and it has contributed some \$350 billion dollars in foreign direct spending to the economy since 2003, noted Mabuza. `While growth in the global tourism industry was 1.3 percent last year, South Africa fared much better at 5.5 percent. We remain cautiously confident that we will attain the target of 10 million visitors to South Africa in 2010 that we set for ourselves four years ago.'

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Tourism Satellite Account (TSA)

¶6. (U) SAT, the Ministry of Tourism, the South African Reserve Bank, and Statistics South Africa launched the first Tourism Satellite Account (TSA) during the Indaba. The TSA is a United Nations World Travel Organization approved methodology used for measuring and tracking the overall value and contribution of tourism to all sectors of the economy and to plan around issues such as economic growth and job creation. TSA will fill the statistics void around peripheral industries to enable marketers to plan, execute and work to more effectively leverage the full potential of the industry.

¶7. (U) Tourism has grown considerably in the past few years, and the industry has generated more than \$43 billion in foreign direct spending since 2003, according to Mabuza. However, it has been difficult to measure and track tourism's contribution to the larger economy and to total job creation in South Africa.

Tourism is now entrenched as one of the pillars of economic and social development in South Africa, according to former Department of Environmental Affairs and Tourism Deputy Director-General Sindiswa Nhlumayo (Note: This department has since been split into the Department of Tourism and the Department of Environmental Affairs and Water). Nhlumayo explained that accurate research/data exists on the tourism industry, but research on the impact of tourism on peripheral industries has been lacking. Tourism bodies will be able to track the number of tourism jobs created, track tourism's contribution to the country's GDP, and tell which activities are most beneficial to the tourist and, in effect, to the economy.

New Tourism Websites

¶18. (U) The Indaba also saw the launch of SAT's new official website, which aims to 'package destination and interest into an interactive experience that grabs users' attention, engages them in wonderful content and gives them an opportunity to act on it,' said SAT Global Head of e-Marketing William Price. The site has been completely revamped and includes new content, a redesigned user interface, and restructured navigation elements.

The site now offers features such as: (1) 'The Trip Planner' that allows users to build a wish list that can be sent to a travel agent; (2) 'Your Concierge' that allows users to filter products by category and region and send enquiries directly to vendors; and (3) 'Fundi Enquiries' that allows users to find experts in their own global regions to whom they can send enquiries about travel to South Africa. The search feature also uses a Google-based program to link up searches with related product and services in South Africa. The new site is a central part of SAT's goal of becoming the leading tourism platform in Africa and the number one tourism authority by 2010. 'Tourism is an extremely competitive space online, and we now have a world-class travel website that will compete with the best the world has to offer,' said SAT Chief Marketing Officer Roshene Singh. SAT is also collaborating with social network wayn.com on a competition to identify the face of the tourist to South Africa; the winner will receive an all-expenses paid trip to the World Cup, and his or her adventure will be chronicled and sent to wayn.com's 13 million users.

¶19. (U) SAT has also launched a new Japanese website (www.south-africa.jp) that features World Cup information, and general South Africa information along with photographs and movies, focusing on the beauty of South Africa's natural heritage, particularly flowers and wildlife. The main concept of SAT Japan's marketing initiatives for 2009 and 2010 is 'Surprise Yourself' and encourages tourists to share photographs and movies and participate in the Picture Perfect campaign co-sponsored by the Japanese Association of Travel Agents Working Group.

¶10. (U) The Department of Tourism also launched the Tourism Products Spatial Viewer at the Indaba. This web-mapping portal is an interactive mapping tool that maps the location of rated establishments as well as other tourism products and services in

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South Africa. It contains interactive maps, imagery and details of 8,000 accommodation establishments and 17,000 tourist-related facilities. The site can be accessed via the Web or through a cell phone on www.touristmaps.co.za/mobi. The Business Tourism and Trade websites are also slated for overhaul in the next phases of SAT's restructuring plan.

Tourism in the Global Recession

¶11. (U) The realities of the global recession featured prominently in many of the speeches during the 11th African Renaissance Festival (ARF) hosted in Durban, Pietermaritzburg, and Richards Bay from May 25- 30. 'It's not pretty. The South African tourism industry is set to shed about 27,000 jobs. The industry is in a place it has never been,' said Southern Africa Tourism Services Association Head Michael Tatalias. For many speakers at the ARF, the only hope for improvement lay in upcoming global sporting events such as the World Cup. Much of the current construction work throughout South Africa is related

to 2010 and is the only industry showing growth, according to Tsogo Sun Chief Executive Officer (CEO) Jabulani Mabuza. Author of Zuma-nomics and Deputy CEO of Business Unity South Africa Raymond Parsons argues that winning the World Cup for 2010 instead of 2006 has turned out to be the salvation of the nation's economy during the global recession. The infrastructural investment and associated spending related to the 2010 is helping to 'underpin' the South African economy at a crucial stage in the business cycle, said Parsons.

¶12. (U) Major sporting events, however, cannot sustain tourism unless the industry leverages the momentum they might generate, said Tourism Knowledge Group CEO Anitha Soni. 'You have to give value for money' and the current 'squeeze' demands 'smart marketing' and an even stronger emphasis on delivery, said Soni.

She added that South Africa is not 'doing tourism' just because of the World Cup, but because it is part of government's long-term growth strategy. South Africa's challenge is to move away from 'quick and dirty' tourism, said Soni. For example, many European tourists arrive in Johannesburg, go to Kruger Park, then to Cape Town, and perhaps Zambia in about seven days and leave feeling they have 'done' Africa, explained Soni. The South African tourism industry has to work to develop ways of getting tourists to stay longer and to visit more than once because 'we want to spread tourism, create jobs, and transform the industry,' Soni said.

Comment

¶13. (U) Spending on preparations for the upcoming 2010 World Cup may help soften the impact of the global recession on South Africa's economy. Ticket sales for the 2010 World Cup have been strong thus far and other international sporting events held in South Africa have provided boosts to overseas tourist arrivals this year when most international tourism markets are experiencing declines. Government and private sector investments in infrastructure and tourism marketing should allow South Africa to leverage this opportunity to position its economy to take full advantage of the tourism growth once the global economy begins to grow again.
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